







# San José

Today



# Table

of Contents



Intro	2
Message from the Mayor	3
Elected Officials	4
Message from the City Manager	5
San José Builds	6
San José Innovates	7
San José Streamlines	8
San José Soars	9
San José Plays	10
San José Rocks	11
San José Prepares	12
San José Conserves	13
San José Cares	14
Financials	16
Council Appointees & Sr. Staff	20



# San José is...

- The Tenth Largest City In The Country
- The Safest Big City In The Nation
- The World's Top Competitive Knowledge Economy
- Venture Capitalists' #1 Investment Locale
- The 2nd Most Undiscovered Tourist Destination
- One of the Top Twenty Five 'Brainiest' Cities in the Country
- Ranked "Most Inventive Town" with National Leadership in Number of Patents
- One of the Top 5 Cities for Foreign-Born Residents
- One of the Greenest Cities in the U.S.

# San José has...

- Productivity twice the National Average
- More College Grads per 100 Residents than any other Major U.S. City.
- More Home Owners than any other Large City in the Country
- Largest Concentration of Tech Companies and Talent in America
- Most Diversified Technology Economy
- One of the Most Advanced Entrepreneurial Infrastructures in the Country
- Top Rate of Recycling Per Resident in the U.S.

Welcome to the City of San José,  
the Capital of Silicon Valley

# Mayor's Message



As I look back on my eight years as Mayor of San José, I'm very proud of what we have accomplished by working together with our community to make this city one of one of our nation's best.

Our residents live in safe and clean neighborhoods, and with the active engagement and leadership from residents, we've made substantial progress to accomplish their highest priorities to build strong neighborhoods. With impressive support from voters, we continue to make significant investments in long-overdue improvements to our neighborhood parks, libraries, and fire stations to catch up with the growth of our community and meet the changing needs of our residents.

We've achieved real progress to become a more responsive, customer-oriented organization, using technology, our new beautiful City Hall, and a clear commitment to quality service to help our residents and businesses get what they need from us faster. We have become better partners with our business community to provide them with the support, the strategy, and the services they need to grow and create opportunities for our residents.

Our downtown has become a vibrant regional center for a wide range of culture and entertainment, and it is also growing as an attractive neighborhood for thousands of new residents who appreciate urban living. We have taken essential steps to secure the

foundation for long-term prosperity with comprehensive plans for our industrial areas, more affordable housing, partnerships with our schools, regional collaboration for better transportation, and finally the start of construction of long awaited improvements at our airport.

It is testimony to the creativity, skill and dedication of all our employees and the support we have from our community that we have achieved so much, even with the difficult budget choices we've had to make, year after year, during the severe Silicon Valley recession of the past six years. We have focused on good planning, fiscal prudence, and innovation to meet these challenges, and we continue to work with our entire community to achieve the goals most important for our residents and businesses.

This is my last opportunity as Mayor of San José to discuss our achievements and progress over the past year. It has been a deep honor to have had the opportunity to serve the people of San José, and it has been my great privilege to work with such an outstanding corps of dedicated public employees and engaged citizens. Although we have accomplished much together, there is much more we can do so that San José can realize its full promise and potential. I wish everyone the best, and look forward to sustained progress in the future.

**Ron Gonzales**  
Mayor





# San José

## City Council

### San José City Elected Officials

**The City of San José would like to welcome newly elected members of our City Council**

Chuck Reed     Mayor  
Pete Constant     District 1  
Sam Liccardo     District 3

**We would like to extend our thanks and appreciation to outgoing members of the City Council**

Former Mayor     Ron Gonzales  
Linda LeZotte     District 1  
Cindy Chavez     District 3  
Ken Yeager     District 6

**for their years of public service.**



District 1  
Linda J. LeZotte



District 6  
Ken Yeager



District 2  
Forrest Williams



District 7  
Madison Nguyen



District 3  
Cindy Chavez



District 8  
David D. Cortese



District 4  
Chuck Reed



District 9  
Judy Chirco



District 5  
Nora Campos



District 10  
Nancy Pyle

# City Manager's Message



The past fiscal year was a year of transitions for San José. On the one hand we can now say with some certainty that we have now emerged from one the most severe economic downturns we've experienced in decades to a more stable financial condition. As evidence of the improved economic conditions, overall General Fund Revenues grew by over \$80 million from the prior year and all three credit rating agencies have confirmed our high bond ratings and sound financial condition. Despite the improving fiscal outlook, however, projections for the future show that San José's existing revenue base will not support our programs and services at their current level of growth, nor is their money to address either future operating costs for new facilities that are being built or efforts to restore some of the core service reductions imposed during the past five years.

Despite the ongoing fiscal challenges facing San José, there is much of which to be proud. Working through the dot-com bust was a wake up call. We have risen to the challenge by evaluating how we provide services for our residents, engaging our increasingly diverse local community in planning for the future, making sure we preserve and attract jobs to San Jose by supporting our existing businesses and encouraging new businesses to locate here.

We've focused our recovery not only on our economic conditions but on our services as well. We've reengineered how we deliver some services to be more efficient, while streamlining our permitting processes and revamping our customer service systems to be more user-friendly for both residents and business owners. We're raising San José's

national and international profile in both business and the arts—more companies are utilizing our innovative business incubator spaces while San José has become the creative hub for several high profile national and international events.

Readers of this *Annual Report* will find evidence of San José's continuing commitment to improving our City. Significant changes got underway at the Norman Y. Mineta San José International Airport this year with work commencing on the new Central Terminal to provide more passenger amenities along with increased space for airlines, baggage handling, and new security requirements. We've exceeded our goals for affordable housing and become a leader in the region. New and improved park and library facilities were opened, enhancing our neighborhoods and continuing the effort launched by the voters and the San José City Council early in this decade with the passage of bond measures to improve public facilities.

Our residents and businesses have long partnered with the City to overcome challenges. Together, in the face of five declining budget years, we have maintained an astonishing breadth of services to our community. I am proud of the work we have done and of the commitments made by our City Council and City staff to keep San José a wonderful place to live, work and create.

**Les White**  
City Manager



# San Jose Builds



# San Jose Innovates



## SNAPSHOT:

Nanosolar will open one of the world's largest solar cell manufacturing facilities in South San José in the Spring 2007. "It's clear San José knows how to deal with the Ciscos and eBays — they understand the issues, the logistics, the transportation needs," said Nanosolar Chief Executive Martin Roscheisen. "And we can get a permit within a matter of days. Other regions would take several months."

According to the *New York Times*, venture capitalists still find Silicon Valley the best climate in the country for business innovation and development. The City of San José, the Capital of Silicon Valley, is committed to contributing to that climate. The City continues to strengthen its business development with incentives, innovation and workforce development. The result is more growth, more industry and more excitement in San José.

The City of San José **Enterprise Zone** was renewed and reconfigured in 2006. Covering ten square miles encompassing Downtown San José, the Julian-Stockton and the Monterey corridors south of Downtown, the Zone covers 5900 businesses that employ over 50,000 people. Incentives for Enterprise Zone companies include tax credits and benefits for each qualified employee hired, sales tax credits on qualified machinery and machinery parts, and preference points on state contracts. Bottom line - more jobs to San José.

Our **Small Business Ambassador Program** assisted 199 businesses this year. The program helps small businesses with new locations, relocations and expansions. The goal is to simplify and expedite the permit process while providing a personal ambassador as a single point of contact for each project. That includes research of potential business sites, customized checklists, development fees estimates, tailored inspection teams, energy and water saving strategies and reduced taxes.

In the past year, six manufacturing, research and development companies utilized the new **Industrial Tool Installation Program**. The program allows them to remain competitive by shortening tool installation-to-production timelines.

Thirty six businesses took advantage of our **Small**

**Business Tax Incentives Program** in 2006 which allows businesses with 35 or fewer employees to receive a 50 percent reduction on Construction Excise Taxes for new construction or tenant improvements.

The **Entrepreneur Center (eCenter)**, located in Downtown San José, provides entrepreneurs with a full range of business services, including finance programs, technical assistance, management training, assistance with procurement programs, technology training, and international trade counseling. The **eCenter** is a unique partnership between the U.S. Small Business Administration, Cisco Systems, the City of San José and several community business organizations.

The City of San José has the most educated work force in the nation and we strive to provide a skilled work force for our business and industry as well. The **work2 future Program** is successfully meeting the workforce requirements of local businesses and the employment needs of residents. The program served over 100,000 job seekers in past year. Their minority and women-owned small businesses outreach program connects business owners with human resource assistance, training and technical assistance, access to capital and other information. This year the program celebrated the grand opening of its latest One-Stop Center, bringing, under one roof, a multitude of free/low-cost resources for job seekers in San José and south Santa Clara County.

San Jose is the home of business innovation. Our **Software, Environmental, International and Bioscience Incubators**, a \$20 million investment, have launched 240 companies, generating 4,000 jobs and over \$15 million in sales tax revenues alone. Companies have raised \$550 million in equity, definitely a positive return on our investment.

San José has the largest concentration of business incubators in the United States and the City and its Redevelopment Agency help spawn the new technology businesses of tomorrow by supporting some of the best-known technology incubators in the country.

The **Environmental Business Cluster (EBC)** is the first incubator of its kind in the United States. Companies use the center to develop clean and renewable energy products, as well, as other environmental products and services. The latest initiative administered by the City's Redevelopment agency and Transportation department is the Electronic Transportation Development Center (ETDC). The ETDC, now in the planning and development stage, will be an R&D facility where Silicon Valley companies will collaborate on the design, development, prototype fabrication, and commercialization of clean-energy hybrid vehicles that meet homeland security needs and reduce our dependence on foreign oil.

The **Software Business Cluster (SBC)** was recognized by the National Business Incubator Association as "Incubator of the Year." Of the 95 software companies located in Downtown San José, more than two-thirds developed in the SBC. It attracts up to 25 early-stage software and mobile technology companies at a time. The motto of the Software Business Cluster is "Innovate, Incubate, Accelerate." The SBC provides early-stage software companies with an environment loaded with mentoring, funding and networking opportunities. It expedites their growth by assisting with business plan refinement, the development of marketing plans, investor and customer presentations, office space, internet access and website and email hosting.

The **Software Development Forum** provides software and Internet professionals with a one-stop

location in Downtown San José for information, connections and education. With over 2,300 members and 20 to 30 events monthly, the Forum, one of the nation's premier software and Internet organizations, features business seminars, one-on-one advisory meetings, quarterly showcase events, and self-service labs. The SDF has 2,000 active members, average of over 1,000 attendees per month and distribution of over 4,000 issues of the *SDForum* bi-monthly newsletter.

**San José BioCenter (SJBC)**, the first of its kind in California, is a state-of-the-art facility equipped with wet laboratory and office space that provides world class business and facility services to high potential life science companies. SJBC members have access to an extensive range of products, services and equipment that enables them to grow and scale successful businesses. This year the City invested over \$8.7 million dollars in tenant improvements and a specialized-equipment acquisition program. Twenty one companies, one of which was named one of 2006's hottest emerging technologies by the *Silicon Valley/San José Business Journal*, are located at the SJBC in a variety of bioconveyance industry sectors.

**U.S. Market Access Center (US MAC)**: successful international firms specializing in I.T., life sciences and solar/renewal energy join the US MAC to understand U.S. marketing and strategy. The center assists companies by providing executive suites facilitating business relationships with companies in the San José/ Silicon Valley region. In 2006 the National Business Incubator Association (NBIA) designated U.S. MAC a Soft Landings International Incubator, one of only six selected in the world.

## SNAPSHOT:

- Climate favorable for change
- Job growth grew by 9,100 jobs
- Jobless rate dropped to 4.5%
- Hotel occupancy up 17.8%
- Venture Capital investment up 9.8% over last year
- Productivity rises to twice the national average

The City of San José's business climate has definitely taken a turn for the better. As a city, we've diversified the way we do business to serve a diversified world. Through incentives, innovation and talent development, San José is building the future.





# San Jose Streamlines



# San Jose Soars



## SNAPSHOT:

By consolidating some of the City's operations functions into our Central Service Yard we'll be able to close the City's Main Operations Yard. This will make way for the development and expansion of historic Japantown. We've already conducted a series of community meetings, gathering input from residents and other stakeholders in Japantown, and we've begun the process to move forward with the project.

In 2006, the City of San José made great strides in improving all forms of customer service. We streamlined our most vital functions. The resulting changes have led to faster, leaner system, focused on convenience for our residents and business owners, fair fee structures and the most cost-efficient use of staff time. The response from the public has been a resounding 'thank you.'

We've incorporated **Process Streamlining** to evaluate all aspects of our service delivery. Our goal is to reduce permit processing times, revise codes to more effectively serve citizens, training staff to work more efficiently and ultimately improve overall development services for customers.

Every year we produce the **Cost of Development Survey** for the region. This gives breakdown of fees and taxes for each Silicon Valley city, a useful tool that allows us to compare our fee structures to other cities. This year's results show us at mid-range, a bargain when you include the fact that we are the 10th largest city in the country and the number one city for venture capital start-ups.

City of San José's new **Design-Build Process** in which both the design and construction of the project are procured from a single entity, is saving money and reducing completion time on several large-scale projects such as the Airport renovation and the Central Yard Consolidation. San José residents and business owners will spend less time 'living with construction' and more time enjoying the results.

Streamlining our customer service processes was a top priority. We created our **Consolidated Utility Billing System** in response to residents and business owners who stated clearly they wanted a system that's both convenient access and easy to use.

Now there's one payment system for water, trash or recycling.

Document management is a crucial, part of any government agency. The **Electronic Document Management System (EDMS)** pilot program currently being custom-fitted for the Clerk's Office, is the solution for managing the vast collection of Council, Boards and Commission paperwork. Once in place, it will streamline contract tracking, legislative indexing and the Council agenda workflow process, making it easier to track and retrieve documents.

As our **EDMS** capabilities increase, we will need fast and reliable storage. We are working to implement a new **Storage Area Network (SAN)** for the City's Network Operations Center. This network will provide storage and critical infrastructure necessary for business continuity in the aftermath of an emergency or system disruption. This will help protect our citizens and their valuable records.

**Mapping** our systems and facilities increases in importance as our city grows and we plan for the future.. It has expanded to other, less obvious areas. The need for a **GIS Core Technology Infrastructure** was evident. We established the basic infrastructure, created the core network and now we're moving it to each department, molding it to fit their needs. The result is a shared system that includes not only the City of San José but the County of Santa Clara and the Santa Clara Valley Water District as well.

Here in the City of San José, we've made major changes to ensure City government as customer-friendly as possible. Through streamlining, consolidating and evaluating our technology we're moving towards the best type of customer service, service that meets the needs of our customers.

2006 saw the launch of the City's large-scale, campaign to make major improvements to the **Norman Y. Mineta San José International Airport**. That campaign is already showing positive results.

We began construction on the Airport's \$1.5 billion **Terminal Area Improvement Program (TAIP)**. When completed, the Airport will have the latest technology for improved passenger security checkpoints and ticket facilities, more customer amenities, improved traffic flow and curbside service. A new rental car garage and service area, as well as additional public parking across from the terminals, will give travelers a level of convenience rarely seen at major airports.

In January 07 our Airport launches the **Clear Registered Traveler Program**, allowing enrolled passengers to pre-register expediting the security process. Mineta San José International Airport will be the first airport on the west coast to introduce the program to customers.

Our new **Air Service Incentive Program** waives airline fees for up to 12 months for any carrier that begins new non-stop service to a qualifying destination. We also introduced a new carrier – Hawaiian Airlines – with a daily flight to Honolulu and a new flight by Mexicana Airlines to Mexico City. We also continued our outreach to the local business community by hosting workshops for those interested in concession opportunities at the Airport (food, beverage and retail) through the **Airport Concessions Disadvantaged Business Enterprise (ACDBE) program**.

**Customer Service** in San José is second only to customers' safety and security. That means being a good neighbor. Our **Acoustical Treatment Program (ACT)** continues to provide acoustical treatment to

properties located in communities surrounding the Airport. In 2006, the program received approval and guidelines from the State Historical Preservation Office for treatment of properties with historical significance and work on the 208 properties identified is expected to be completed by Spring 2007. Additional improvements are available to qualified homeowners through low-interest loans and grants to pay for new roofs, exterior paint and new landscaping. The Federal Aviation Administration (FAA) continues to support the ACT Program with the award of a \$6 million grant in June 2006.

In 2006 we launched **Airport Public Art Program**, a unified program of Art & Technology that will showcase the innovation, diversity and change, which define Silicon Valley. Working with planners, policymakers and over 500 community members, we are crafting a public art program unique to this region. The artworks will be two or three-dimensional and will include painting, sculpture, music, photography, film, textiles as well as digital print, software art, robotics, interactive installations, multi-user installations. As with other arts and culture projects in the City of San José, it will explore the intersection of art, culture and technology. The result will be a global gateway distinguishing Norman Y. Mineta San Jose International Airport and the unique identity of San José and Silicon Valley—in the past, present and future.

These Airport improvements will offer updated facilities and improved customer service while allowing us to remain competitive with other airports. Our goal is to provide safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality.

## SNAPSHOT:

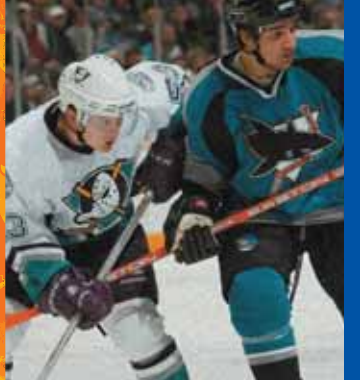
The Norman Y. Mineta San José International Airport is named for one of the City San José's favorite native sons, **Norman Yoshio Mineta**. Norm Mineta, who is of Japanese descent, went on from internment in a Wyoming relocation camp during World War II to become the first American of Asian Pacific ancestry to serve as mayor of a major American city, represent San Jose's 16<sup>th</sup> US Congressional District for 20 years, and the first Asian American to hold a post in the presidential cabinet. In 2006, he was awarded the Presidential Medal of Freedom. Like his hometown, Norman Y. Mineta is a trailblazer and a true representative of the spirit of San José.





# San Jose

## Plays



# San Jose

## Rocks



### SNAPSHOT:

In 2006 the City created an Arts Stabilization Fund designed to help our Arts organizations establish sound financial plans and structure to keep their doors open in any economy. The Arts Stabilization Fund an example of our determination to build for the future and ensuring that the Arts will remain a viable part of that the City of San José's future.

Despite our reputation as a technology center and one of the 'brainiest' cities in the country, San José plays --- hard.

This year it started in February as 140 of the world's greatest cyclists sped through the City in the inaugural **Amgen Tour of California**. The 8-day, 650-mile race hit town on the third leg of the competition. The entire event brought crowds comparable to the Tour de France.

The Amgen Tour was followed by the **2nd Annual San José Grand Prix** in July; three days, hundreds of racecars roaring through Downtown, thousands of fans converging on area businesses. The 2006 San José Grand Prix was watched live by more than a million television viewers nationwide and broadcast to over a hundred countries making it the most watched U.S. event on the Champ Car World Series at the time. The greatest outcome of the race was it raised more than a million dollars for early cancer detection.

Even as the Grand Prix grand stands came down, **ZeroOne San José: A Global Festival of Art on the Edge**, was kicking off for seven days of art and interconnectivity. It was a first for San José and a first for the world. Led by the San José Museum of Art, the festival had two goals; to connect a large audience with ambitious, engaging art at the intersection of technology and creativity while raising the cultural profile of San José as a regional, national, and international leader at this intersection. The City hosted 400 artists from more than 35 countries around the world.

More than 50,000 people participated in the Festival; attending performances, interacting with an artwork at dozens of venues, participating in the educational programming, singing karaoke to ice-cream truck music, watching a movie on the walls of the Martin Luther King Jr. Main Library or by watching "Digital Kakejiku" illumination of San José's City Hall Rotunda with amazement.

The media coverage was remarkable, everything from a full page story in the *New York Times* to features in media outlets all over the world, heralding San José as the epicenter of the art and technology convergence. *ZeroOne San José* returns in 2008, it'll be bigger, better and of course, spectacular.

The **San José Jazz Festival** cooled down the August heat with an eclectic blend of the venerable jazz, Latin jazz, and blues legends jamming with the hottest new artists on nine stages. This year's attendance topped 55,000 and was described in the local media as world class event, best local festival and a "...21st century block party with an old-time neighborhood vibe."

We rocked right into October with the **Rock 'n' Roll Marathon** race series. The inaugural music half-marathon, a 13.1-mile race through Downtown San José, brought over 15,000 runners and walkers as well as more than 50,000 fans. The world-class competition included elite athletes, a wheelchair invitational race, a finish-line festival and a two-day health and fitness expo at the San José McEnergy Convention Center. The race route was punctuated with live bands and cheer squads at every mile. The

event finished with a post-race party and a headliner concert at the HP Pavilion at San José.

In between rocking, rolling and racing, we celebrated our incredibly diverse cultures. San José's growing appeal as an international city is due in great part to its incredibly varied population, each culture adding another element to create a truly unique city. With one of the country's largest populations of people of Vietnamese descent, it was natural that we become home to the nation's first Viet Heritage Gardens. It will be a place of tranquility where the community can share and cherish the culture and history of Vietnam through art, architecture and horticulture. The gardens will join the Mexican Heritage Plaza, the Chinese Cultural Garden in Overfelt Garden, and Japantown as a cultural celebration site, dedicated to all of us who make San Jose a truly global city.

We also explored the cultural diversity and vitality of San José with an array of festivals and events held in the downtown area including the Vietnamese Spring Festival and Parade, the Cesar E. Chavez March and Festival. San José was also the location for one of the largest Immigration Marches in the nation, with over 100,000 marchers.

The year also included some of the most successful annual events in the country such as the *Music in the Park* Summer Series, *The International Mariachi Festival*, *The Juneteeth Celebration*, *The Festival of Independence* to end homelessness and the Labor Day weekend *Tapestry Arts Festival*. The Tapestry Arts Festival brought in over 120, 000 attendees, 300 visual artists, four stages of live music and lots

of food. All proceeds from the event go to fund arts education programs in schools and outreach efforts to the arts community.

We finished the year with the City of San José **Holiday Parade**. Not just any holiday parade, but the parade named by the International Festival and Events Association as the best of its class in the world. Once again, San José took its place on the international stage. The Holiday Parade which has also been named among *USA Today's* Top 25 Parades in American is broadcasts nationally and brought thousands of spectators to Downtown San José. This year, parade-goers were encouraged to bring their laptops and take advantage of our free Wi Fi to hear event commentary and get information on parade routes.

From runners to racecars, artists to musicians, the City of San José rocks, rolls, runs and races. While we spend the majority of our time dedicated to providing the best services possible, we apply that same dedication to bringing exciting, unique, world-class events to the City. San José is fast becoming not only the one of the country's best place to work but the best place to play as well.





# San Jose Prepares



# San Jose Conserves



## SNAPSHOT:

Starting as young as 3rd grade the **Challenges and Choices Program** teaches violence prevention/life skills to students through middle school. The ten-week curriculum instructs students in anger management, peer pressure, drug and gang awareness. It also requires parents and students work together on personalized homework assignments, spreading the message throughout households. In 2005-2006 nearly 6000 students participated in the program.

Our public safety and emergency services are building for the future this year by focusing on communication, response time and education. We began with a major investment in a system to improve regional interoperability. The **Emergency Communications System Project (ECOMM)** a regional privately-owned microwave network, will provide reliable communications among 31 public safety and emergency services agencies within Santa Clara County. The new system is designed to reduce vulnerability of public safety communications systems to service interruptions experienced by commercial telephone and cellular networks during major incidents.

Serving San José's rapidly growing population required a complete reevaluation of how we respond and use our resource during emergencies. The City needed a more effective way to dispatch first responders. Fire, Police and other public safety staff met the challenge by updating the **Computer Aided Dispatch (CAD)** system. The updated CAD system enables dispatchers to monitor multiple events at one time, streamlines request entries and improves public safety staff's ability to access important historical data. This improvement has reduced emergency response times, resulting in the apprehension of several violent suspects.

The **Police Department's** award-winning **Gang Prevention Program** focuses on teaching students how to handle conflicts and confrontations before they actually meet them. Working together with community-based organizations, neighborhoods and schools we saw a 21% reduction in gang-related crime over the past year. The program reaches all age groups. The **Safe Alternatives and Violence Education Program (SAVE)**, which provides the classes for troubled youths and their parents, is

credited with diverting 370 low-level offenders out of the juvenile system. The department also works with **KVVN Vietnamese Radio** providing monthly radio show on safety education, reaching 40,000 listeners per broadcast.

The **Office of Emergency Services (OES)**, which provides the City and community with an effective response to natural, technological and terrorism-related disasters, aggressively sought funding for more supplies, training and technology. As the threat of pandemic flu increased worldwide, the City of San José began preparations. By storing vaccines, organizing supplies and establishing a communication/response plan, OES is working to significantly reduce the impact the disease can have on the organization. This ensures that the City will continue to function and provide services to our residents during a pandemic flu outbreak.

OES has trained over 80% of City staff on the emergency management protocols used by the federal and state governments. The training continued into the community with **San José Prepared!**, the **Community Emergency Response Team (CERT)** program that instructs volunteer community members in disaster preparedness response, and recovery skills. **San José Prepared!** training covers everything from Neighborhood Organization to Search and Rescue in an effort to help empower residents to be more self-sufficient during a disaster. OES also sponsors **San José R.A.C.E.S. (Radio Amateurs in Civil Emergency Service)** to provide additional communication resources during crises.

While we can't truly prepare for every aspect of a disaster, we can plan for communication, response and recovery. The City of San José has made being prepared a priority.

The City of San José is blessed not only with the brilliant minds that created Silicon Valley but also with the native beauty of the Santa Clara Valley. High tech towers of steel and glass are balanced by tree-lined streets and historic homes, a place where you love to work and love to live. Our water quality and quality of life all exceed state and national standards. We have dedicated ourselves to preserving and conserving all of San José's resources; natural, community and financial.

This year, through our **Recycling Program**, which includes commercial and curbside recycling as well as composting, we've managed to divert 64% of waste away from the landfills. This far exceeds the state mandate of 50% and is one of the highest rates of large cities in the nation. This not only protects our resources but saves the City money in landfill fees and charges. San José is proving that conservation and cash flow can go hand in hand. City residents and business owners are our partners in this effort. We've hosted over 50 neighborhood clean-up events this year, allowing residents to dispose of a variety of bulky goods at no extra charge. The end result is fewer eyesores and less money spent cleaning up illegal dumps.

This community-conscious involvement also is demonstrated by the strides we've made in our **Stormwater Protection Programs**. We've restructured our process to begin at the beginning. Our inspectors work together with developers at construction projects to ensure that best practices are used during and throughout the life of the project to prevent stormwater or over-watering runoff from polluting nearby streams. The City continues to emphasize design and source control as the primary tactics on a project-by-project basis, preserving our natural resources.

We've made major gains in protecting aquatic life by working with the Santa Clara Valley Water District and San José Conservation Corps to conduct creek cleanups throughout the year. In 2006 these cleanups removed 11 tons of trash from the waterways but showed us where our existing waste management plans were working and where they needed enhancement.

Our **Recycled Water Program** is funded by the City of San José and surrounding jurisdictions. As of 2006, recycled water now represents about 10% of all water used outdoors in our eight-city water pollution control plant service area. For the three cities closest to the recycled lines, the water serves as an alternative to lavishing expensive potable water on landscaping. For the cities further from the lines, it frees up more of the valuable potable water for their use. Within the City, we use recycled water for everything from power plants to watering golf courses to flushing the lavatories in City Hall, practical use of a precious resource.

On a larger scale, in a partnership with the Santa Clara Valley Water District, we are developing a master plan for water supplies through the year 2030 that calls for greater water conservation, expanded use of recycled water, and new approaches to infrastructure financing. By meticulously planning for future growth and expansion, we've built in protection for creeks and trails as well as guaranteed water supply and high water quality. This protects the quality of our communities as well.

In the City of San José we include all of our resources and all of our challenges in planning for the future. Using this model, we've proved that conservation of natural resources, community resources and financial resources is not only practical but possible.

## SNAPSHOT:

Our beautiful creeks and award-winning trails are an integral part of life in San José. They're also part of a strategic flood management plan. Working with the Santa Clara Valley Water District and our most challenging partner, Mother Nature, we're developing a 100-mile network of trails that provide both recreation and flood management making use of natural flows and natural beauty.







# San Jose

## Cares

# San Jose

## Cares

**SNAPSHOT:**

The **San José Teacher Homebuyer Program (THP)** reached a milestone this year when Myra Rountree, a fourth-grade teacher from the LUCHA Elementary School in the Alum Rock School District, moved into her first home aided by the San José Teacher Homebuyer Program. Ms. Rountree was the 500th teacher to purchase a home through THP. Delighted to have their teacher in their neighborhood, her students and their parents helped out on moving day. San José serves as the model for successful and creative partnerships that make it possible for teachers to live in the communities where they teach.

In the City of San José we balance our drive to serve our business interests with a dedication to nurturing our residents by offering services that encouraging lifelong learning, make life enjoyable, and strengthen and sustain our communities and neighborhoods.

With area housing prices among the highest in the nation we invested more into our award-winning **Affordable Housing Program** to become one of the leading cities in California for affordable housing. In the 2006 “report card” from the Bay Area Council the City of San José received an A+ for producing over 16,000 affordable housing units between 1999 and 2005. That’s more than two and one-half times the affordable housing stock of the city/county of San Francisco, the second highest producer Bay Area region. The City proved its commitment to affordable housing when we successfully reached our goal of having 10,000 affordable homes built or under construction over an eight-year period. We celebrated this accomplishment by breaking ground on Paseo Senter, an \$83 million complex with 218 affordable apartments.

Our **Second Unit Pilot Program** began in 2006, allowing the limited development of secondary residential units in San José. The secondary unit pilot program could potentially provide up to 100 new housing units. We’re monitoring the program’s success to see if it’ll become a permanent part of our affordable housing program.

Building on the many partnerships we have established with San Jose State University (SJSU) the City’s Housing Department collaborated with the University and Spartan Shops to launch a pilot

program for San José State faculty in June 2006. The City Council approved the creation of a **San José State University Pilot Homeownership Program (FHP)** modeled after the City’s successful Teacher Homebuyer Program (THP), providing qualified faculty members with interest free loans to help with down payments on homes.

Hurricane Katrina devastated the Gulf Coast in 2005, and San José continued to help families recover in 2006. Of the 143 families and individuals originally registered in Santa Clara County, 81 households resettled permanently in San José. The families have continued to receive after-care support services through the City of San José Housing Department staff and **Collaborating Agencies Disaster Relief Efforts (CADRE)**. All of these families received Section 8 Housing Vouchers from the Housing Authority, and move-in financial assistance from the City of San José and the Housing Industries Foundation. The City also provided the families with furniture for their new home.

The **Smart Start San José (SSSJ)** child care program, which has been changing lives since 2000, provides pre-schoolers with foundation for success in the classroom and potential as lifelong learners. This past year 20 new Smart Start centers received mini-grant funding, creating 380 new child care spaces and 1183 upgraded spaces. In addition, 48 new Family Care Homes have been created offering 480 new spaces for the children of San José.

The **San José After School (SJAS)** program, a consortium of the City’s Parks, Recreation and Neighborhood Services Department, our City of San

José Library system, local schools, and non-profit organizations served more than 29,300 youngsters in 2005-06. This program was an integral part of why the City of San José was identified as one of the “Top 100 Communities for Young People” by America’s Promise. This comprehensive program provides tutoring and homework assistance, recreation and academic and culturally enriching programs to children during the critical after school hours. The most recent SJAS evaluation shows 92% of parents rated the program as excellent, and 78% of children increased their ability to read.

**San José Public Library** had another remarkable year in FY 2005-2006. Circulation of materials remains among the highest in the country; three new branch libraries funded by the 2000 Library bond measure successfully opened and we broke ground on two replacement libraries. 2005-06 was the first full year when customers could both register for a card online and pay fines online, saving hours of staff time. Our Vineland Branch became the first library in the world to have an external library automated return, check-in and sorting machine.

In our **Park System** we completed three new major **Community Centers** as well as expanding the two joint-use centers. During the 2005-2006 year our **Animal Care Services (ACS)** began operating a low-cost public spay/neuter clinic in an effort to reduce pet overpopulation within the community. Over 2900 spay/neuter surgeries have been performed since the clinic opened. The residents of San José joined us in caring for our animal population. 300+ people went through the ACS volunteer training program in 2006; donating thousands of hours

walking dogs, socializing cats, working in the shelter’s laundry and kitchen, helping with various administrative duties as well as organizing off-site pet fairs and special events.

In 2006 our **Office on Aging** redoubled its efforts to serve our senior residents. The **Older Adult Resource Program (OARS)** was restructured to make it more accessible to seniors. The **Senior Employment Center** was expanded into a full service Information and Assistance Center. Client visitations have nearly tripled since the expansion of the center. A new Senior Information Telephone Hotline was established to provide referrals for seniors and support to caregivers, including out-of-town family members who want to find help for an elderly San Jose family member. The Office on Aging is providing written materials in multiple languages such as Spanish, Mandarin, Cantonese, and Vietnamese.

As the City of San José continues to grow, embracing all generations and cultures, we will continue to offer our residents services that show our commitment to care.

**SNAPSHOT:**

Our **Happy Hollow Park and Zoo** was voted ‘Best Place to See Animals in the Bay Area’ by *Bay Area Parent* readers. That places it in the magazine’s Hall of Fame after been voted ‘best’ for three years in a row





# Financial Highlights

When the 2005-2006 Adopted Budget was developed, it was assumed that the economy would continue to grow at a slow pace. While the financial performance was expected to be slightly better than in recent years, it was still necessary to close a General Fund budget gap of \$58.1 million in 2005-2006, marking the fourth year of significant budget reductions. This deficit was closed through a combination of ongoing cost reductions, fee increases, the establishment of an Emergency Communication System Support Fee and the strategic use of reserves and one-time revenues.

A review of the year-end fiscal results reveals that 2005-2006 was a turnaround year for the City in which several of the City's major revenue sources experienced a return to modest revenue growth. In the General Fund, this growth was led by increases in the City's two largest revenue sources, Property Tax and Sales Tax. In addition, aggressive cost saving measures remained in effect through the year, generating savings of \$6.0 million in the General Fund that were placed in a reserve to help address the budget shortfall in 2006-2007. Overall, revenues and expenditures performed at or better than budgeted levels, which resulted in budgetary surpluses in several funds, including the General Fund. Conservative revenue estimates and successful budgetary controls were major contributors to this success.

A continuation of this conservative approach to fiscal management was necessary in the development of the 2006-2007 Adopted Budget, which closed an additional funding gap of \$34.9 million. The 2006-2007 budget balancing strategy relied heavily on the continuation of fees and taxes that were already being assessed in San José and the use of reserves and additional fund balance expected at the end of 2005-2006. These strategies were developed in an effort to avoid more severe cuts in the programs and services delivered to the public. This was also the first time in several years in which resources were added, primarily to improve public safety services and to operate new parks, library, and public safety facilities. In

addition, one-time funding was targeted to the significant backlog of infrastructure needs, neighborhood improvements, and future potential deficits.

With the 2006-2007 Adopted Budget actions, General Fund budget reductions have totaled over \$300 million over the past five years and the workforce level of 6,843 is at a level only slightly above 1999-2000 totals. While the economic conditions for the region continue to improve, it is likely that the City will face budget difficulties over the next few years as the growth in expenditures is projected to outpace the growth in revenues. This will require the City to maintain its focus on City Council priorities, directing resources toward essential services, meeting basic infrastructure needs, taking advantage of economic development opportunities, and maintaining the strong commitment to neighborhoods. In facing these challenges, it will be very important for the City to maintain its long held conservative fiscal policies that have guided this City through one of the worst economic downturns in the last several decades. As an indication of the success of those policies, San José continues to receive a strong AA+ bond rating, the highest of any major California city.

Distinguished Budget Presentation Award, Special Capital Recognition and Special Performance Measures Recognition/Awarded to the City of San José by the Government Finance Officers Association (GFOA) of the United States and Canada for the preparation of the annual budget document with special capital and performance measure recognition.

Award for Excellence in Operational Budgeting and Capital Budgeting, Award for Excellence in Public Communications Issued to the City of San José by the California Society of Municipal Finance Officers recognizing our annual budget document and the underlying budgeting process through which the budget is implemented. The City's Budget in Brief also received a public communications award.

## 2006-2007 ADOPTED REVENUE SOURCES

### GENERAL FUND

Property Tax	\$183,914,000
Sales Tax	144,008,000
Transient Occupancy Tax	7,600,000
Franchise Fees	36,904,000
Utility Tax	76,098,000
Licenses and Permits	74,660,399
Fines and Forfeitures	12,536,567
Revenue from Money and Property	10,541,869
Revenue from Local Agencies	45,422,621
Revenue from State Government	10,274,423
Revenue from Federal Government	16,469,051
Departmental Charges	29,455,625
Other Revenue	15,522,457
Transfers and Reimbursements	96,008,271
Prior Year Carryover Fund Balance	174,896,871
Prior Year Encumbrances	22,517,005
Total General Fund	956,829,159

### ENTERPRISE FUNDS

Airport	\$ 477,138,850
Parking	22,559,691
Water/Water Treatment Plant	220,444,657
Municipal Water	28,695,882
Total Enterprise Funds	748,839,080

### SPECIAL REVENUE FUNDS

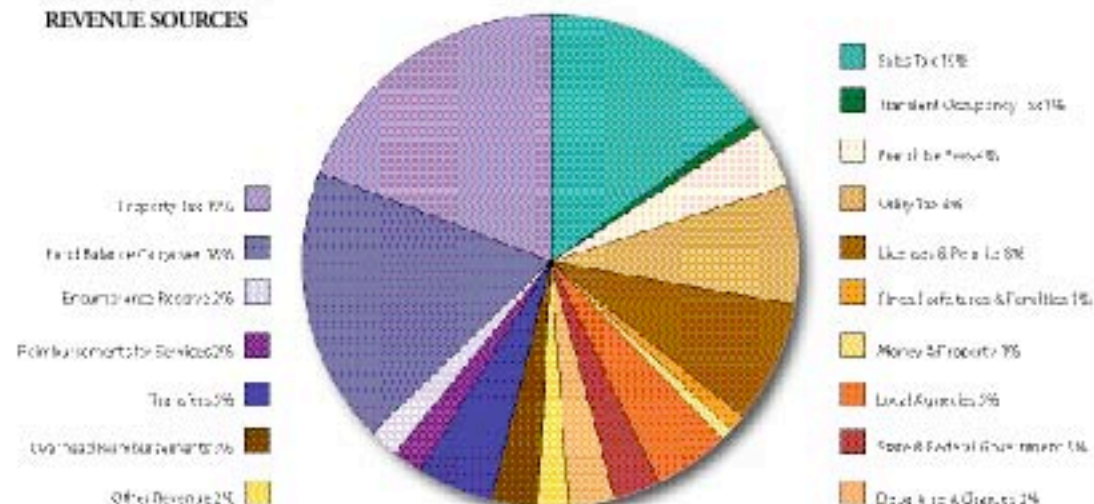
Internal Services/Operations	\$ 146,547,834
Housing Funds	124,630,193
Integrated Waste Management Fund	95,577,232
Workforce Investment Act Fund	22,903,140
Emergency Communications System Support Fee Fund	21,960,000
Community Development Block Grant Fund	21,498,898
Anti-Tobacco Master Settlement Agreement Revenue Fund	17,109,906
Gas Tax	17,000,000
Convention and Cultural Affairs Fund	16,269,782
Transient Occupancy Tax Fund	15,676,224
Storm Sewer Operating Fund	19,667,794
Special Assessment Districts	12,721,421
Library Parcel Tax Fund	9,297,688
Other	39,226,005
Total Special Revenue Funds	577,886,097

### CAPITAL IMPROVEMENT PROGRAM FUNDS

Beginning Fund Balances	\$ 878,652,379
Transfers, Loans, and Contributions	232,486,635
Sale of Bonds	140,048,000
Fees and Charges	53,181,000
Revenue from Other Agencies	38,703,532
Interest Income	13,593,000
Other Revenue	26,674,000
Total Capital Improvement Program Funds	1,383,338,546

TOTAL SOURCE OF FUNDS (GROSS)	\$ 3,666,892,882
LESS INTERFUND TRANSFERS	\$ 456,386,184
TOTAL CITY SOURCE OF FUNDS (NET)	\$ 3,010,506,698

## 2006-2007 GENERAL FUND REVENUE SOURCES





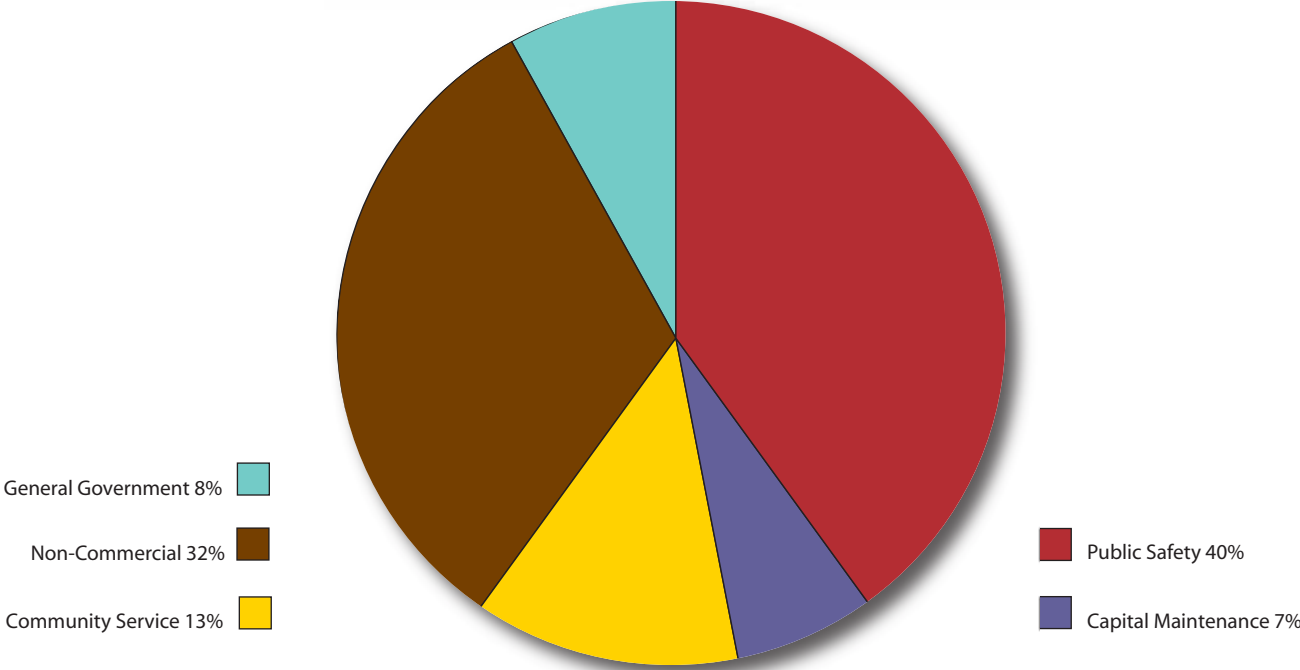
# Financial Highlights

## 2006-2007 ADOPTED USE OF FUNDS

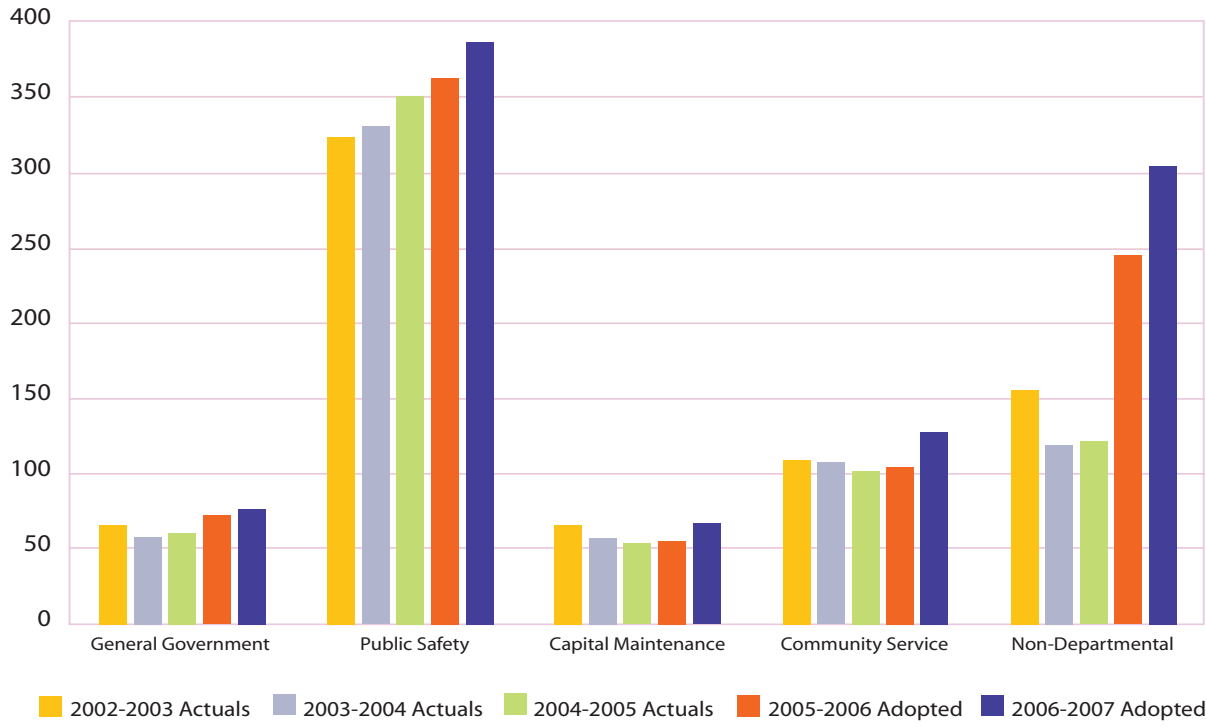
<b>GENERAL FUND</b>	
General Government	
City Attorney	\$12,741,927
City Auditor	2,454,307
City Clerk	2,499,698
City Manager	9,137,357
Economic Development	4,526,486
Emergency Services	481,667
Employee Services	6,571,419
Finance	10,934,954
Independent Police Auditor	727,694
Information Technology	15,947,488
Mayor and City Council	8,880,922
Redevelopment Agency	1,356,285
<b>Total General Government Departments</b>	<b>\$76,260,204</b>
<b>Public Safety</b>	
Fire	\$128,854,031
Police	256,128,940
<b>Total Public Safety Departments</b>	<b>\$384,982,971</b>
<b>Capital Maintenance</b>	
General Services	\$20,395,398
Public Works	9,717,193
Transportation	33,364,908
<b>Total Capital Maintenance Departments</b>	<b>\$63,477,499</b>
<b>Community Services</b>	
Environmental Services	\$1,664,344
Library	28,094,246
Parks, Recreation and Neighborhood Services	61,497,871
Planning, Building and Code Enforcement	37,116,424
<b>Total Community Services Departments</b>	<b>\$128,372,885</b>
<b>Non-Departmental</b>	
City-Wide Expenses	\$113,235,009
Capital Contributions	23,073,635
Transfers	28,925,668
Earmarked Reserves	88,979,283
Ending Fund Balance	
Contingency Reserve	27,005,000
Encumbrance Reserve	22,517,005
<b>Total Non-Departmental Uses</b>	<b>\$303,735,600</b>
<b>TOTAL GENERAL FUND</b>	<b>\$956,829,159</b>

<b>ENTERPRISE FUNDS</b>	
Airport	\$477,138,850
Parking	22,559,691
Waste Water Treatment Plant	220,444,657
Municipal Water	28,695,882
<b>Total Enterprise Funds</b>	<b>\$748,839,080</b>
<b>SPECIAL REVENUE FUNDS</b>	
Internal Services/Operations	\$146,547,834
Housing Funds	124,630,193
Integrated Waste Management Fund	95,377,232
Workforce Investment Act Fund	22,903,140
Emergency Communications System	
Support Fee Fund	21,960,000
Community Development Block Grant Fund	21,498,898
Anti-Tobacco Master Settlement	
Agreement Revenue Fund	17,109,906
Gas Tax	17,000,000
Convention and Cultural Affairs Fund	16,269,762
Transient Occupancy Tax Fund	13,676,224
Storm Sewer Operating Fund	19,667,794
Special Assessment Districts	12,721,421
Library Parcel Tax Fund	9,297,688
Other	39,226,005
<b>Total Special Revenue Funds</b>	<b>\$577,886,097</b>
<b>CAPITAL FUNDS</b>	
Airport	\$551,256,315
Parks and Community Facilities	303,016,737
Public Safety	130,209,766
Library	123,580,352
Traffic	77,238,967
Sanitary Sewers	55,120,526
Water Pollution Control	71,820,705
Service Yards	13,424,786
Other	57,670,392
<b>Total Capital Funds</b>	<b>\$1,383,338,546</b>
<b>TOTAL USE OF FUNDS (GROSS)</b>	<b>3,666,892,882</b>
<b>LESS INTERFUND TRANSFERS</b>	<b>-656,386,184</b>
<b>TOTAL CITY USE OF FUNDS (NET)</b>	<b>\$3,010,506,698</b>

## 2006-2007 GENERAL FUND USES



## FIVE-YEAR COMPARISON OF GENERAL FUND USES





# City Council Appointees & Senior Staff

## Council Appointees

Barbara Attard	Independent Police Auditor
Les White	Interim City Manager
Richard Doyle	City Attorney
Harry Mavrogenes	Redevelopment Agency Director
Lee Price	City Clerk
Gerald Silva	City Auditor

## City Manager's Office

Les White	Interim City Manager
Kay Winer	Chief Deputy City Manager
Mark Linder	Deputy City Manager
Dan McFadden	Interim Deputy City Manager
Deanna Santana	Deputy City Manager
Ed Shikada	Deputy City Manager
Tom Manheim	Public Outreach Manager
Nadine Nader	City Council Liaison
Betsy Shotwell	Intergovernmental Relations

## Senior Staff

Katy Allen	Public Works Director
Albert Balagso	Parks, Recreation & Neighborhood Services Director
Mark Danaj	Human Resources Director
Rob Davis	Chief of Police
Alex Gurza	Employee Relations Director
Jim Helmer	Transportation Director
Joe Horwedel	Planning, Building & Code Enforcement Director
Peter Jensen	General Services Director
Scott Johnson	Finance Director
Leslye Krutko	Housing Director
Paul Krutko	Economic Development Director
Jane Light	Library Director
Larry Lisenbee	Budget Office Director
Randall Murphy	Interim Chief Information Officer, Information Technology
Ed Overton	Retirement Director
Bill Sherry	Airport Director
Kimberly Shunk	Emergency Services Director
John Stufflebean	Environmental Services Director
Darryl Von Raesfeld	Interim Fire Chief



## Credits:

Compiled and written by Mona Favorite-Hill with the contribution from City Departments and Directors. Edited by Tom Manheim. Original design concept by Paul Asper, City of San José Redevelopment Agency. Design by the Max Davis Company. Cover photo, ZeroOne by Chris Ayers. Back photo, Holiday Parade 2006 by Andrew Raffin. A publication of the Public Outreach Office.